
City of Miami Beach

Miami Beach Market Study



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Prepared by the City of Miami Beach
Economic Development Department
1700 Convention Center Drive
Miami Beach, FL 33139
Phone: 305.673.7193 Fax: 305.673.7772
<http://ci.miami-beach.fl.us>



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**City of Miami Beach
1700 Convention Center Drive
Miami Beach, FL 33139**

Office of the Mayor and Commission

David Dermer, Mayor
Richard Steinberg, Vice-Mayor
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Simon Cruz, Commissioner
Luis Garcia, Commissioner
Saul Gross, Commissioner
Jose Smith, Commissioner

City Manager's Office

Jorge M. Gonzalez, City Manager
Christina M. Cuervo, Assistant City Manager

Economic Development Division

Kevin Crowder, Economic Development Director
Dennis Leyva, Entertainment Industry Liaison
Elyse Sitomer, Business Resource Coordinator

The following publications are also available from the Economic Development Division:

Miami Beach Market Study – Data Supplement
(Demographics, Real Estate, Tourism and Occupancy information)

Miami Beach Visitor Profile

South Beach Visitor Profile

A Miami Beach Guide For Your Business

South Florida Small Business Resource Guide

Miami Beach – Where the Old and New Economies Converge (Miami Business, December 2000)



Miami Beach, Florida

It is the Riviera of the Americas;
a cosmopolitan city whose residents are as
diverse as its visitors.

Over 7 miles of Beaches

3 Golf Courses

20 Parks

Art and Culture

Dining and Nightlife

World-Class Shopping

An island city of just 7.1 square miles that separates Biscayne Bay from the radiant blue waters of the Atlantic, Miami Beach is seen as a trend-setting arts and entertainment mecca, and a shopping and cultural wonder by visitors, world travelers, celebrities and locals alike. Miami Beach has always been a tourist-friendly vacation hot spot, but the City offers so much more now. Miami Beach is no longer just a place to lay on the beach soaking up the sun, due to an economic boom that has sprung from the refurbishment of the Art Deco Historic District. From café's, clubs and shopping along South Beach's Ocean Drive, Lincoln Road, and Washington Avenue; the international hotels and restaurants of Collins Avenue and Middle Beach; to the re-emerging neighborhoods of North Beach, Miami Beach offers visitors and residents a dazzling array of amenities to enjoy.



MIAMI BEACH MAP



EXECUTIVE SUMMARY

Advantages of the Location

Visibility

Miami Beach has been featured in countless newspaper and magazine articles, on television and in movies. Some of the latest popular movies were produced in Miami Beach, such as "Something About Mary" and "Any Given Sunday." Miami Beach, and especially South Beach, are featured in newspapers from New York to Los Angeles to Buenos Aires to Paris. Our popularity has been such that when the *New York Post* began its January feature on South Beach it was 4 pages long. By 2001, it had grown to 16 pages.

In 2001, in addition to over 8 million trips by residents of South Florida, and approximately 7 million tourists visited South Beach, making it the most popular attraction in South Florida.

International/Hip Clientele

Fifty percent of the visitors to South Beach are from outside the U.S. The City's residential population is made up of over 50 nationalities, with almost as many types of cuisine available in the City's restaurants.

Good Pedestrian Traffic Flow

South Beach is a pedestrian neighborhood. Designated as a "Great American Public Place, ten blocks of Ocean Drive are lined with sidewalk cafés. Lincoln Road has an eight-block pedestrian mall. Between the two, Washington and Collins Avenues have become the center of nightlife and upscale fashion boutiques, along with many great fine-dining restaurants. People get from place to place by foot, rollerblade, bike and the "ElectroWave" shuttle, which runs up Washington Avenue from Lincoln Road to South Pointe Park.

Convenience

The relatively small size of South Beach, along with the unique character of the Art Deco architecture, contributes to its unique "tropically urban" setting. Everything is located within walking distance of the commercial districts. In fact, within an area of one square mile there are 40,000 residents, 9,000 hotel rooms and 30,000 local employees. Not to mention, the tens of thousands of visitors who come every day to dine, shop, or just enjoy the beach. The businesses of 41st Street and the grand Collins Avenue hotels of Middle Beach are easily accessed from I-95 and Biscayne Boulevard by the Julia Tuttle Causeway (I-195). The North Beach area of the city is situated between Middle Beach and the municipalities of North Bay Village, Bal Harbour and Bay Harbour Islands.



Cultural and Creative Environment

Miami Beach's Lincoln Road is home to art galleries, as well as the ArtCenter South Florida, which provides studio space to approximately 70 local artists. Additionally, the Jackie Gleason Theater of Performing Arts, the New World Symphony, and the Miami City Ballet, are all located in Miami Beach.

Entertainment Industry

Miami Beach is more than just a backdrop for film, print and television production; it is home to a thriving industry that is bringing more and more jobs into the city. Some of the industry's major employers are Sony International and Sony Discos, Warner Music International, MTV Latin America, Claxson, Estefan Enterprises, and MCA Records,

Residential Life

Miami Beach is not only a tourist and entertainment mecca, but it is also a vibrant residential community where people live, work and play. All types of housing are available, with studios, one and two bedroom apartments and condos in the charming Art Deco buildings of South Beach, the single family neighborhoods of North Beach, new luxury condominiums in a few oceanfront and bayfront high-rises, and the upscale homes of Middle Beach and the Islands.

Education

The public school system of Miami-Dade County is the fourth largest in the U. S., and offers a wide variety of programs to meet the needs of the diverse student body. The County's magnet schools offer instruction in many subjects, including Travel & Tourism, Mathematics and Science, Visual and Performing Arts, Communications, Humanities, and many other classes focused on various careers and professions.

Miami Beach also offers Vocational and Adult Education, with an enrollment of over 7,500 students at the Feinberg/Fisher Adult Center, and over 5,000 students at the program offered at Miami Beach Senior High.

The Miami Beach Branch Library, located at 2100 Collins Avenue, is part of the largest public library system in Florida, with access to holdings numbering more than 3.8 million.



Trade Area

The City of Miami Beach

The City of Miami Beach is an island city of 7.1 square miles that separates Biscayne Bay from the Atlantic Ocean.

Miami Beach has always been a tourist-friendly vacation hot spot, but the City is diversifying its activities through enhancing its urbanism, enlarging its tourism base and developing the entertainment sector.

Miami Beach is a multi-cultural community, which offers its residents and visitors a unique lifestyle that built its international reputation.

In order to provide an accurate description of the economic environment of Miami Beach, it is necessary to define the City's neighborhoods.

South Beach

South Beach is an area that has experienced tremendous change over the past 10 years. South Beach's renaissance is based on the preservation of its historic heritage through the economic revitalization of the Art Deco Historic District, and on the blending of an urban neighborhood with a world-class beach environment.

Middle Beach

Middle Beach is defined as the neighborhoods located between 23rd and 63rd Streets. It is an area of single-family homes which includes a concentration of various condominiums and hotels on the Collins Avenue oceanfront. The primary commercial district located in this area is 41st Street (Arthur Godfrey Road).

North Beach

The northern third of Miami Beach is made up of both low-rise multi-family and single family neighborhoods, the Altos Del Mar Historic District, Normandy Island, and the 71st Street commercial district and oceanfront hotels along Collins Avenue.



Economic Overview

Miami Beach hotels host over 4.7 million visitors per year. A total of 7.5 million overnight visitors to Greater Miami visit South Beach and the Art Deco District annually. An additional 8 million day trips are made to the beach annually by residents of the surrounding region.

Tourism is the largest contributor to the Miami Beach economy, with over \$975 million in direct tourist spending on hotel, retail, food and beverage alone. This spending generated over \$1.8 billion in total output into the local economy, and over \$515 million in earnings. However, the overall economy of the City continues to diversify. Other significant industries are Retail, Film and Entertainment, New Media, and Health Care.

As both the residential and visitor demographics of the City diversify, the real estate and economic environment of the area has matured as property values increase and more institutional investors continue to move in.



Direct Tourist Sales

The effect of Miami Beach tourism on the local and regional economy is substantial.

Retail

Tourists account for 24.9% (\$225,957,961) of all retail sales in Miami Beach. Miami Beach tourists spend an additional \$826,337,438 on shopping elsewhere in Greater Miami.

Food and Beverage

Approximately 45.7% (\$215,563,557) of all food and beverage revenues generated in Miami Beach are derived from tourists.

Entertainment

Miami Beach tourists spend a total of \$919,694,531 annually on entertainment. Of this, approximately \$298,307,205 is spent within the City of Miami Beach, and \$621,387,326 is spent throughout the rest of the Greater Miami area.



Target Markets

FULL-TIME RESIDENTS PROFILE

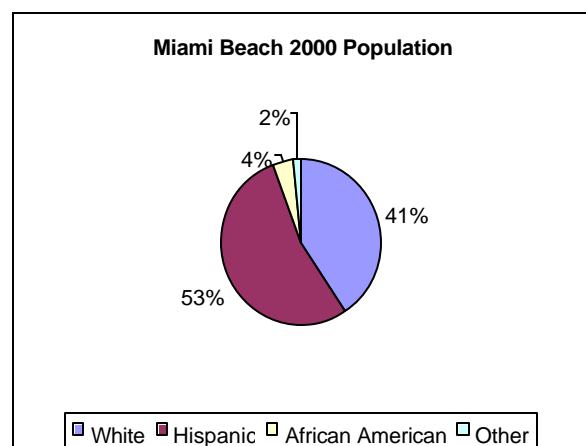
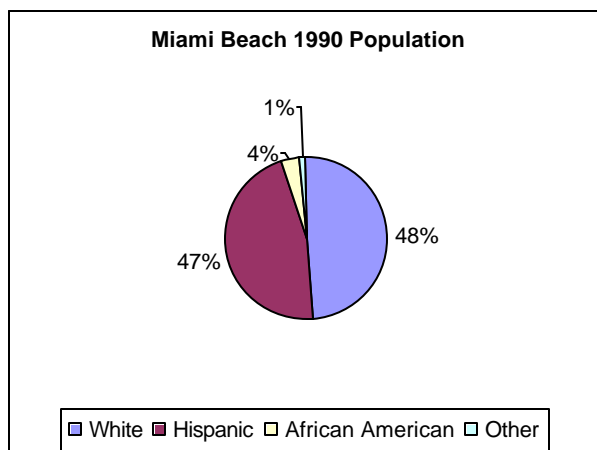
Demographic Analysis

General Characteristics

As of the 2000 Census, there were 87,933 permanent residents in the City of Miami Beach. The population has become more affluent as young families and single professionals move into the neighborhoods. This is a population that has developed into an international melting pot with a distinct Latin American and European flavor. Miami Beach is home to a multi-cultural, multi-faceted and multi-lingual community with a growing Hispanic presence; which, as of 2000, accounted for more than 53 percent of the City's population. The median age of the City's residents has dropped to 39 from over 65 years of age in 1980. Median household income rose from \$15,312 in 1990 to \$27,322 in 2000, and the number of households with earnings increase to 72% of all households citywide, with average earnings of \$56,767. Another trend in the residential population indicates future growth evidenced by several luxury residential projects currently underway or planned. These projects will account for over 3,000 new condominium units by 2002. Local residents also account for approximately 55% of all retail sales in Miami Beach.

Origin of Residents

The Hispanic population has increased significantly representing more than 53.4% of the City's inhabitants or 47,000 persons. Additionally, this component of the population is expected to increase by 13.5% in the next 5 years and represents the vast majority of the residents. The Hispanic population is evenly distributed within the three different districts: South Beach, Middle Beach and North Beach.



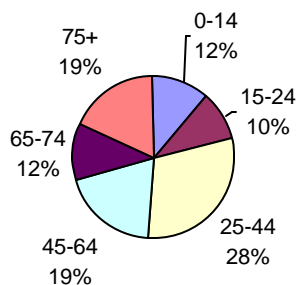


Age Breakdown

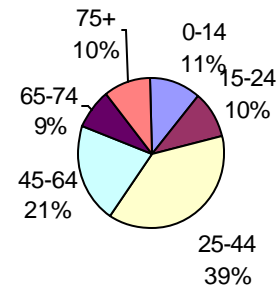
The median age of the City's residents has dropped to 39 from over 65 years old in 1980.

The number of Miami Beach residents who are 14 years of age or younger continues to increase – from 6.5% in 1980 and 11.2% in 2000 – further evidencing that the number of younger families on the Beach continues to grow as well.

Miami Beach 1990 Population by Age



Miami Beach 2000 Population by Age



Income Level

The median per capita income of the City of Miami Beach is \$27,853. The population of Miami Beach is not uniformly wealthy. Miami Beach evidences divergent income levels: approximately 45% of the households reflected yearly incomes of less than \$25,000 per year in 2000.

The projections for 2003 do not show a major shift in the household income levels. Nevertheless, trends indicate a reduction in the low-income population and growth in the higher income levels. The economic diversity of Miami Beach's population is evidenced by the disparity between the average and median household income levels.



VISITORS PROFILE

Tourism Overview

Each year Miami Beach hotels host over 45% of the more than ten million tourists who visit Greater Miami. Along with millions of regional visitors, the 7.5 million tourists that visit South Beach and the Art Deco Historic District make the area the number one attraction in South Florida, and the second most popular in the State following Disney. These visitors are the catalyst for the economic prosperity that the City of Miami Beach has experienced in recent years, contributing over \$14 billion to the area's economy each year.

The hospitality industry has grown in order to accommodate this influx. Hotels range from the 800-room Loews Miami Beach Hotel to the sleek portals of the world-famous Fountainbleau Hilton, the recently renovated Eden Roc, the Radisson Deauville, and the refurbished Deco streamline architecture of hotels such as the Raleigh, Astor, Albion, Delano, Century, Park Central, Governor, Cavalier, and Cardozo.

Miami Beach is also a regional playground. The combination of the beach, restaurants and nightclubs draws significant numbers of visitors from the South Florida area. Regional visitors make at least eight million day trips to South Beach each year, however, this market is the least likely to do a significant amount of shopping in Miami Beach, except at specialty or destination retailers.

While visitors contribute greatly to the room, food and beverage revenues of the City, the visitor market only accounts for approximately 24% of the retail sales in Miami Beach. **The addition of visible, high-quality retailers will be a significant step toward capturing a larger share of tourist shopping dollars.** Domestic visitors spend an average of \$75 per day on gifts and personal shopping; international tourists spend approximately \$92. These visitors list Aventura and Downtown Miami as their primary shopping locations.

The City of Miami Beach is rich in opportunity for cultural exploration. The Bass, Wolfsonian-FIU, and Ziff Museums have distinct collections. The ArtCenter South Florida, Miami City Ballet, and New World Symphony offer world-class visual art, ballet, and symphonic music, respectively. The Jackie Gleason and Colony Theaters host varying shows from Broadway style to new works. The City's Cultural Arts Council sponsors over 50 cultural organizations producing film, theater, dance and music festivals, as well as many performances and exhibits.



Seasonal Residents

In addition to Miami Beach's year-round population of 88,000, there are a large number of seasonal residents who live in Miami Beach between January and April. The seasonal residents either rent or own housing units in Miami Beach, but are not counted in any official statistics or census.

Nevertheless, through the buyer's profile of many condominium and housing units, it is known that approximately half are of foreign origin and are divided between Latin America and Europe. The other half is made up of U.S. residents from the Northeast or the Mid-West. New Yorkers make up the largest number of these domestic seasonal residents.

Seasonal residents own more than 60% of the premium condominium units. They contribute greatly to the high median housing value on Miami Beach **(\$235,000)** and to the overall economy due to their strong buying power.

It is estimated that the income level of these residents is between \$75,000 and \$250,000; well above the income levels of the permanent Miami Beach population.

Leisure Tourism

An island surrounded by the sparkling Atlantic Ocean and Biscayne Bay, Miami Beach offers a diverse array of recreational activities. One can jog and bicycle along serene bayside or oceanfront paths, play tennis at a charming area park, swim or dive in the cool waters of the Atlantic Ocean, sail or cruise along Biscayne Bay, rollerblade down Ocean Drive, or enjoy Miami Beach's lush golf courses.

Although Miami Beach is a relatively small island, recreational amenities abound, including the Miami Beach Marina which offers boat slips and restaurants. Nearby, boat rental outlets provide yachts, cabin cruisers, sailboats, powerboats and catamarans. The City of Miami Beach contains four beautiful large parks: Flamingo, South Pointe, Lummus, and North Shore Open Space, as well as 16 smaller active and passive parks. There are three city-owned golf courses: Bayshore, Normandy and Par Three.

Business Tourism

Beyond the traditional attractions (beach, nightlife, dining, etc.), the City of Miami Beach has also positioned itself as a premium destination for conventions.



The Miami Beach Convention Center contains over 1 million square feet of meeting space, including four 125,000 square foot halls that can be combined to create up to 500,000 square feet of contiguous space. With a \$92 million expansion in 1990 and \$35 million of additional ongoing improvements, the 800-room Loews Miami Beach Hotel located a few blocks away at 16th Street and Collins Avenue now complements the Center. The hotel boasts over 90,000 square feet of function and meeting space, including a 32,000 square foot ballroom capable of accommodating 2,000 guests, solidifying Miami Beach's potential as a complete tourism destination.

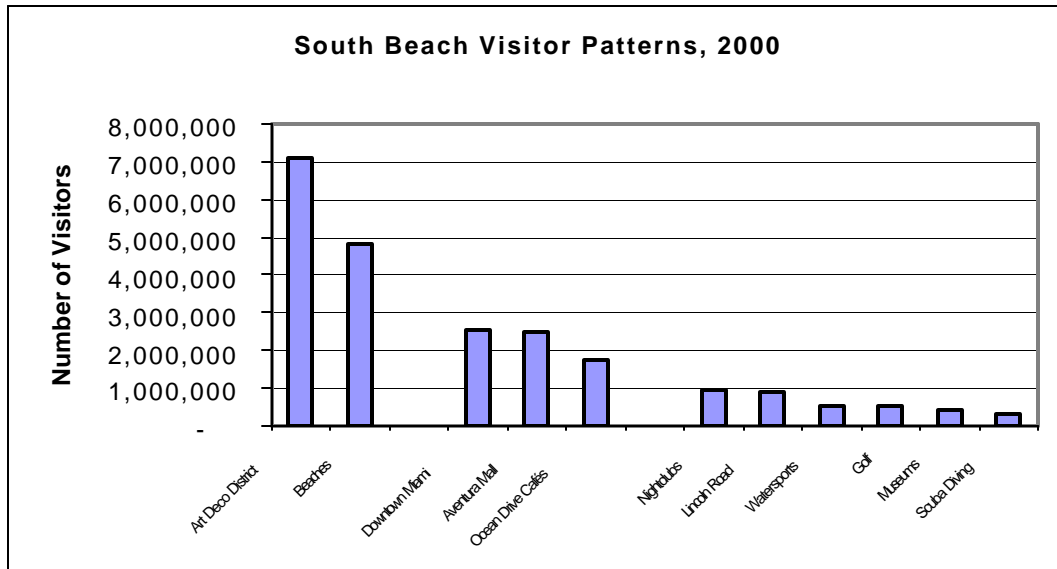
Different Types of Visitors

Where Tourists Stay in Greater Miami

Miami Beach houses more tourists (45%) than any other area of Greater Miami. Additionally, South Beach attracts over 7.5 million tourists, more visitors than the country's three largest national parks combined. Of these 7 million visitors, approximately 1.6 million stayed in a South Beach hotel, and a total of 4.5 million stayed at a hotel in Miami Beach. Of Miami Beach's 20,000 hotel rooms, approximately 9,000 are in South Beach in 119 properties. Ocean Drive has 32 hotels with over 1,700 rooms, and is consistently ranked as one of the most liked features of Greater Miami.

What Tourists Do in Greater Miami

Tourists visit Greater Miami for three primary reasons: weather, beaches and shopping. Miami Beach is uniquely positioned for substantial tourist retail activity, since it is the top location in South Florida for beach activity, nightlife, culture, dining, film, fashion and music.





EMPLOYMENT PROFILE

Workforce and Jobs

There are close to 60,000 employees working daily in Miami Beach, with over 30,000 located in South Beach. These employees work in a variety of industries, with the largest being the hospitality industry. Local employees represent a waiting, or “captive” market that is not yet adequately served by the local retail sector. These employees report that most of their non-grocery shopping is conducted at the Aventura and Dadeland malls. Middle Beach’s 41st Street is also poised for retail resurgence, due to the surrounding Middle Beach residential demographics, its high traffic and its location between the City’s two largest employers, Mount Sinai Medical Center & Miami Heart Institute (3,200) and the Fontainebleau Hilton Hotel (1,200).

Employment in Miami Beach is primarily concentrated in the following industries: Hospitality (Hotels, Food, Beverage), Health Care, Retail Trade, and Construction/Development. However, the fastest growing industry is the Entertainment Industry (fashion, film, music, internet, production, tv/cable).

Major Employers

City of Miami Beach - 1,650

Retail Trade

Publix Supermarkets - 760

Hospitality

Fontainebleau Hilton - 1,200

Loews Miami Beach Hotel - 800

Eden Roc Resort and Spa – 470

Delano - 400

Island Outpost - 320

Radisson Deauville - 270

Hospitals

Mount Sinai Medical Center & Miami Heart Institute - 3,200

South Shore Hospital - 850

Entertainment Industry

Sony Music International - 170

MTV Latin America - 110

Claxson - 103



Employment Zone Map



Miami Beach Retail Trade

Shopping in Miami Beach is eclectic and exciting. Ocean Drive, Collins Avenue, Lincoln Road, Washington Avenue, Espanola Way, Alton Road, 41st and 71st Streets, as well as numerous side streets offer ample opportunities for browsing through fashion, design and consumer merchandise that ranging from Art Deco collectibles to the latest designer fashions. Miami Beach's population is getting younger, reflective in the increase of both average and median income levels between 1990 and 2000. This rise, along with the phenomenal growth of the tourism industry, has created a dramatic surge in the demand for high-quality retail activity.

Even with all of this activity, Miami Beach still has a shortage of retail serving residents and visitors. This is evidenced by the statistics elsewhere in this document, which demonstrate that while Miami Beach is the most popular tourist destination in Greater Miami, hosting 42% of the area's visitors and attracting even more, only 11% of Greater Miami tourist shopping occurs in Miami Beach. The majority occurs in downtown Miami and at Aventura Mall. Additionally, recent surveys of both residents and local employees indicate that the majority of these consumers do most of their non-grocery shopping at Aventura and Dadeland malls. Of the four existing market segments of Miami Beach (residents, local employees, tourists and day-trippers), all except the regional day-trippers are extremely under-served by Miami Beach retail. As the demographic shift of Miami Beach continues, the local customers will increasingly demand that goods and services be provided locally.

South Beach is currently the retail area where the most activity is taking place. National retailers continue to show great interest in the area.

The Miami Beach Retail Gap

2000 Resident Purchasing Power	\$1,424,600,000 ¹
2000 Miami Beach Visitor Purchasing Power	\$1,158,876,646 ²
2000 South Beach Day Trippers* Purchasing Power	\$576,445,176 ²
 Total Resident and Visitor Purchasing Power**	 \$3,159,921,822
 2000 Citywide Retail Sales	 \$1,341,100,000 ¹
 2000 Retail Gap	 \$1,818,821,822

**Day Trippers that are tourists to the Greater Miami area only*

****Does not include purchasing power of non-resident employees and regional visitors**

¹ U.S. HUD, Claritas Inc.

² Greater Miami Convention and Visitors Bureau

South Beach Shopping District

Parking Available @
7th Street Garage

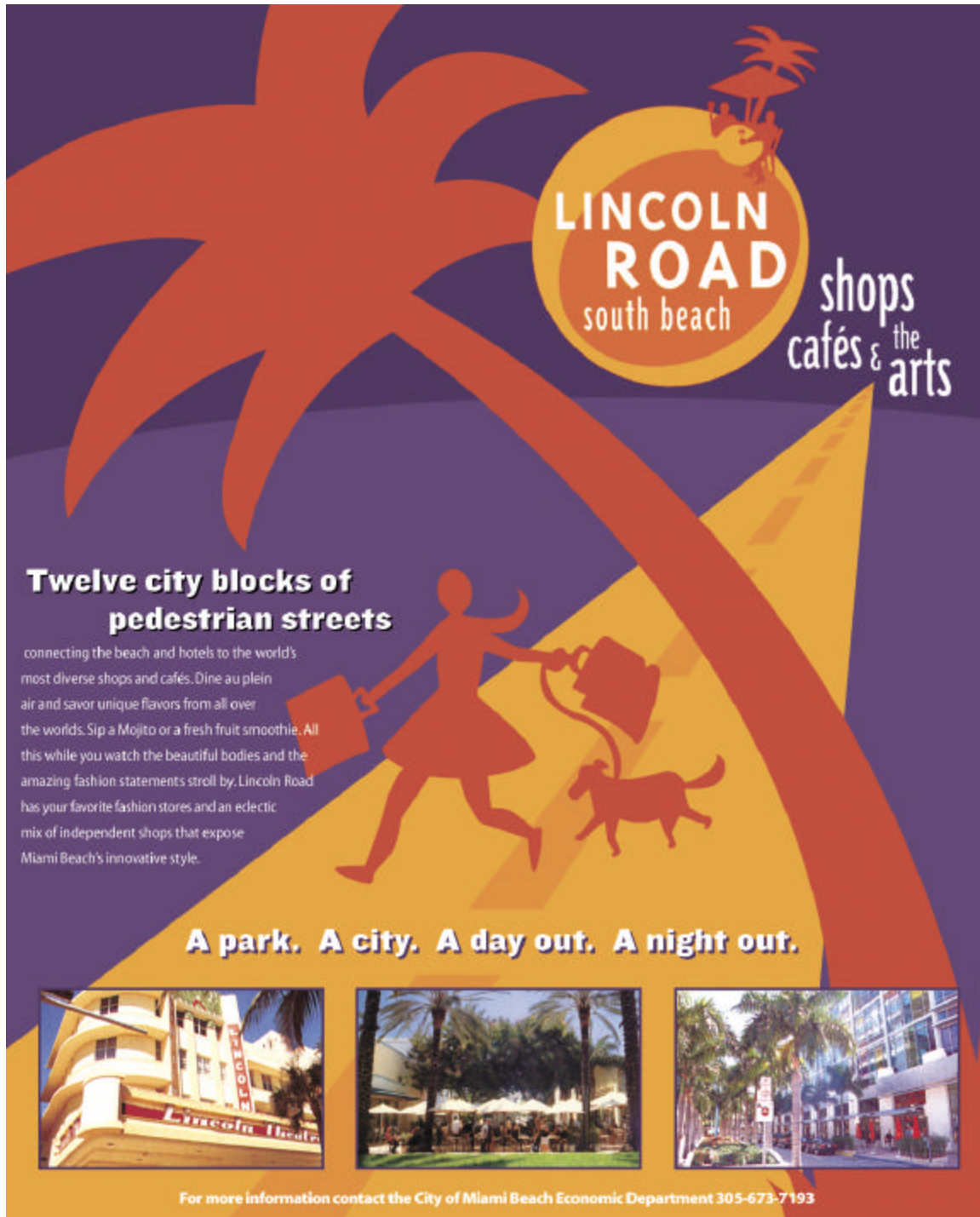
FROM 5TH STREET - SPEC'S MUSIC
KENNETH COLE · NICOLE MILLER · NINE WEST CLUB
MONACO · QUICKSILVER · GIROUX · INTERMIX
UNITED COLORS OF BENETTON · THEORY
BANANA REPUBLIC · TOMMY HILFIGER

EVERYTHING UNDER THE SUN

URBAN OUTFITTERS · LAUNDRY · INDUSTRY
VERTIGO · GAP · SEPHORA · RITCHIE SWIM
EXPRESS · VIDAL SASSOON · MORGAN DE TOI
NIKE SHOP · MAC · GUESS ·
SUNGLASS HUT/WATCH STATION · ARMANI EXCHANGE
RALPH LAUREN · SPEEDO - **TO 9TH STREET**

Park · Shop · Eat · Stroll

For more information contact the City of Miami Beach Economic Department 305-673-7193




LINCOLN ROAD
south beach

shops
cafés & the arts

Twelve city blocks of pedestrian streets

connecting the beach and hotels to the world's most diverse shops and cafés. Dine au plein air and savor unique flavors from all over the worlds. Sip a Mojito or a fresh fruit smoothie. All this while you watch the beautiful bodies and the amazing fashion statements stroll by. Lincoln Road has your favorite fashion stores and an eclectic mix of independent shops that expose Miami Beach's innovative style.

A park. A city. A day out. A night out.



For more information contact the City of Miami Beach Economic Department 305-673-7193



COLLINS AVENUE

Once rundown, now revived, south Collins Avenue emerges as the city's hottest shopping district. As the cachet of Collins Avenue continues to grow, it is attracting even more up-and-coming and internationally recognized retailers entering the lucrative and growing Southeast market.

The Collins Avenue shopping district is located one block east of Ocean Drive and the beach between 5th Street and 10th Street. The district significant has spillover to Ocean Drive and Washington Avenue at 8th Streets, where businesses transform from national retailers to smaller, locally-owned boutiques.

Access

The area is easily accessed by car from 5th Street (I-395), Collins Avenue (A1A) and Washington Avenue. Parking is available in the 7th Street Municipal Parking Garage located between Collins and Washington Avenues. A 250-space garage is scheduled to be constructed on 10th Street and Collins Avenue and is scheduled for completion by December 2001. The district has excellent pedestrian access from all directions. Eighth Street, the heart of the shopping district, is one of the primary pedestrian avenues to and from the beach.

Business Types

The concentration of retailers in the area is in upscale fashion, complemented by the appropriate accessory stores (shoes, makeup, sunglasses, etc).

Evolution of the Tenant Mix

Fueled by the award-winning 7th Street Garage and its ground floor retail space, the revitalized south end of Collins Avenue has emerged as Miami Beach's premier neighborhood when shopping for fashion. Located between 5th and 10th Streets, the area includes retailers such as Benetton, Laundry Industry, MAC Makeup, Nicole Miller, Nike Shop, Vidal Sassoon, Armani Exchange, Banana Republic, Betsey Johnson, Bettcher Gallery, Danskin, Deco Denim, Express, Gap, Guess, Joseph, Kenneth Cole, Nine West, Senor Frog's, Speedo, Sunglass Hut, Urban Outfitters, Versace, Vertigo, and Wilke Rodriguez.

The latest additions to the district are Guess, Club Monaco, Sephora, Polo Sport, Intermix, Tommy Hilfiger and Quicksilver.

Construction of two-story retail and a parking garage at the former location of the Hyde Park Supermarket at Collins Avenue and 5th Street is also underway.

Sales

Sales continue to rise as the popularity of South Beach and number of visitors increase. This district is comprised approximately 125,000 square feet of unanchored, upscale retail activity in an urban, pedestrian and historic environment. A recent analysis of the district indicates that gross annual sales in the district totaled approximately \$90,360,000 or \$753 per square foot.

Total Citywide Retail Sales	\$907,000,000
Total Citywide Tourist Retail Sales	\$226,000,000
Total Collins District Retail Sales	\$95,000,000





Collins Avenue Retail Map



Collins Avenue Restaurant Map



Collins Avenue and Ocean Drive Hotel Map

LINCOLN ROAD

Lincoln Road, once known as one of the hottest shopping streets in the country, and more recently known as the cultural center of South Florida, is also experiencing a retail rebirth. Lincoln Road underwent an extensive \$20 million overhaul involving streetscape, landscape, and other aesthetic improvements in 1996.

Lincoln Road is a 12 block commercial area that stretches from the beach and Atlantic Ocean to Biscayne Bay, with approximately 400 businesses within the commercial area, of which 161 are located on the pedestrian mall itself.

Recent surveys of Lincoln Road business owners demonstrate that the mall does not yet manage to attract as many visitors as it should. This is being addressed through a targeted retail based marketing campaign.

Physical Location

The Lincoln Road Shopping District runs east-west from Collins Avenue to Bay Road between 16th and 17th Streets. The district has storefronts along Lincoln Road, and on the side streets between 16th and 17th Streets. There are approximately 30,000 residents and 16,000 employees within walking distance of the Road. Moreover, it is the second largest employment zone in Miami Beach with over 5,000 employees.



Access

The district is easily accessed by car, as well as bicycle, rollerblade, and foot. Easy vehicular access is available from Collins Avenue, Washington



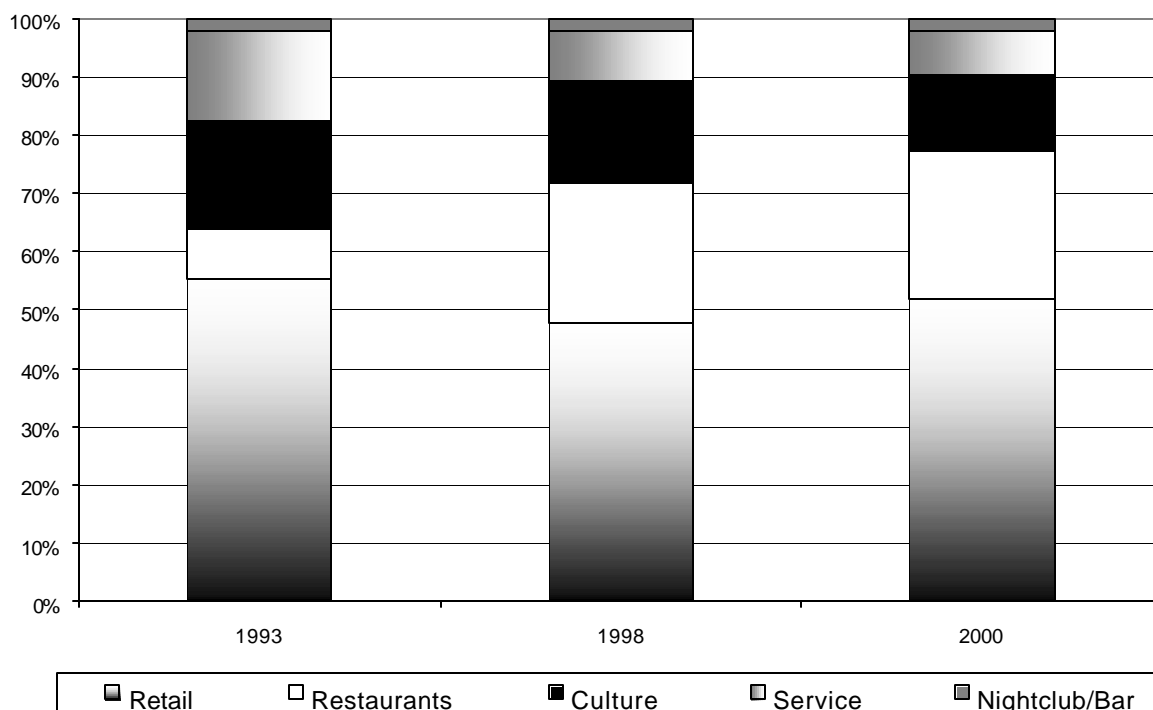
Avenue, Alton Road, and 17th Street. Parking is available in numerous parking lots located between 17th Street and Lincoln Road, as well as in the 1,400 space parking lot garage located at 17th Street and Pennsylvania Avenue. Lincoln Road is also located one block south of the Miami Beach Convention Center and the Jackie Gleason Theater of Performing Arts.

Evolution of the Tenant Mix

Since 1996, when the majority of the capital improvement project was completed, Lincoln Road has experienced substantial changes in its tenant mix. This includes many more restaurants and sidewalk cafes than in the past, along with a shift back to retail.

Additional commercial developments are underway that will help bring new consumer traffic to the Road. The character of the Road changes as one moves east to west. On the east side are more of the stores that cater to the tourist population. The center of the road is where many smaller retail shops, as well as the majority of the restaurants and art galleries are located. Starbucks Coffee has opened a location in the heart of the road, attracting a large amount of foot traffic. The western end of the Road, the three blocks closest of to Alton Road, is the area that is developing as the strongest retail portion of the street. Regal's 18-screen South Beach Cinemas opened early in 1999, followed by Banana Republic, Gap, Pottery Barn, Williams-Sonoma, Lincoln Futon and Furniture, Jewelry Exchange, Mayor's Jewelers, Bebe, Swatch, Victoria's Secret and Sunglass Hut's second Lincoln Road location. Recent additions include Ann Taylor Loft and French Connection UK.

Lincoln Road Mall Business Mix 1993-2000



Office Tenants

Lincoln Road is also home to the entertainment industry. Companies with offices on Lincoln Road include MTV Latin America, Nickelodeon Latin America, CBS International, the National Academy of Recording Arts and Science (NARAS), Columbia Tri-Star, and Sony Music International.

Cultural Activity

Lincoln Road is the address for many cultural groups including the New World Symphony, The Colony Theater, and the Art Center South Florida.



Sales

Once again, sales continue to rise as the popularity of South Beach and the number of visitors increases. The key Miami Beach indicators (rooms, food, alcohol) have risen substantially on Lincoln Road, especially from 1996 to 2000. Peak season monthly alcohol sales on Lincoln Road are over \$1.5 million with food sales of \$3.5 million. Off-season food sales are close to \$2.3 million, higher than 1996's monthly high season sales.

As new retail develops, increased regional awareness of Lincoln Road as a shopping destination will lead to further increased sales. The local and regional markets are key to Lincoln Road's commercial viability, given the seasonal nature of Miami Beach's tourism. Miami Beach draws residents from the region for everything except shopping. Awareness of Lincoln Road as a shopping destination will increase with the development of large national retailers and their corresponding advertising investment highlighting their Miami Beach location.



Lincoln Road Map



WASHINGTON AVENUE

Washington Avenue's location has potential for a large amount of consumer traffic. It is located in proximity to Ocean Drive, Lincoln Road, Espanola Way and lies between the residential area to the west and larger Collins Avenue hotels to the east.

There are 350 businesses located in the Washington Avenue Commercial Area at the pedestrian level. With over 20 nightclubs, Washington Avenue is also the center of South Beach nightlife, attracting tourists, locals, and many South Florida residents to the area.

The outlook for the future of Washington Avenue is very positive. Its physical location will bring increased pedestrian activity as new public and private improvements are made. In early 2002, the City will begin infrastructure improvements to the portion of Washington Avenue between 11th and 16th Streets. In addition to these improvements, the Anchor Shops at 16th Street will soon see the opening of a 6,000 square foot Fuddruckers restaurant, and also in 2002, the Comras Company will open Lincoln Place, a 110,000 square foot Class A office building at 16th Street that will include the headquarters of LNR Property Corp.

OCEAN DRIVE

World famous Ocean Drive is one of the most active areas in Miami Beach and all of South Florida. Ocean Drive is anchored by recognized institutions such as the News Café and the Clevelander, which are the two of the most popular destinations for tourists visiting Greater Miami.



Anchored by the street and sidewalk activity at the intersection of 8th Street, this premier tourist draw of Miami Beach is mainly a restaurant destination



with sidewalk cafés such as the News Café, the Pelican Café, Caffè Milano, Les Deux Fontaines, and the Compass Café.

In addition to the restaurants, there are some locally owned apparel shops distributing fashion brands such as Dolce & Gabbana, Versace, DKNY and all the latest trends.

The main shopping and restaurant area is currently concentrated between 6th Street and 11th Street. Nevertheless, the renewed interest in Ocean Drive north of 11th Street with new businesses such as Billboard Live, Finnegan's Way, the Shops at Il Villagio, as well as the 2001 opening of Café Cardozo (a News Café restaurant) in the Cardozo Hotel at 13th Street is contributing to increased consumer traffic in the northern area of Ocean Drive.

A \$48 million renovation of the historic Victor Hotel began in 2002.



MIDDLE BEACH (41ST STREET)

The 41st Street shopping district is located directly on one of Miami Beach's busiest thoroughfares at the end of the Julia Tuttle Causeway. The area is primarily made up of retailers that provide goods and services to the surrounding neighborhood and to the employees that work in the district's office buildings. The goods and services that are available here include apparel, books, jewelry, hardware, pharmaceutical, banking, medical and real estate. The 41st Street district also has a wide variety of cuisines, including Italian, Continental, Chinese, Kosher, French, and Mediterranean, and there is no shortage of nightlife. The Forge Restaurant, which has had a long running nightlife scene every bit as strong as what occurs in South Beach, recently opened two additional establishments on 41st Street, Jimmy Z and Café Nostalgia.

The 41st Street business district has several advantages, including, its proximity to the highest income residential areas of Miami Beach, the high number of traffic counts and its location between the city's two largest employers, Mount Sinai Medical Center and the Fontainebleau Hilton.

NORTH BEACH

There are three distinct retail areas in North Beach: 71st Street, Normandy Circle, and the business district on Collins Avenue between 73rd and 75th Streets, which is one block west of Ocean Terrace. These districts serve the surrounding residential neighborhoods of North Beach, as well as the residents of Surfside to the north of Miami Beach. These districts also have the potential to tap into the higher income areas on the 79th Street Causeway (North Bay Village) and the Upper East Side on the mainland. The City of Miami Beach is conducting a market analysis and a strategic planning effort concentrated on the North Beach neighborhoods.

Some of the projects that have recently opened or are currently underway include 4,460 square feet in six storefronts in the 6900 block of Collins Avenue. New businesses in the area include Baraboo Restaurant on Ocean Terrace, a new bakery at 73rd and Collins, and Spice, a new restaurant and nightclub on Normandy Drive, which was opened by the owner of the highly successful Café Prima Pasta on 71st Street.

Hotel and residential investment is also on the rise. Plans to renovate the Carillon hotel located at 68th Street include 700 hotel rooms as well as a 34-story condominium tower. Additional hotel investment is also underway, and will further complement the existing North Beach hotels, including the Ocean Surf and Days Inn on Ocean Terrace, as well as the 500-room Radisson Deauville, which re-opened in 1998 after a \$25 million renovation.



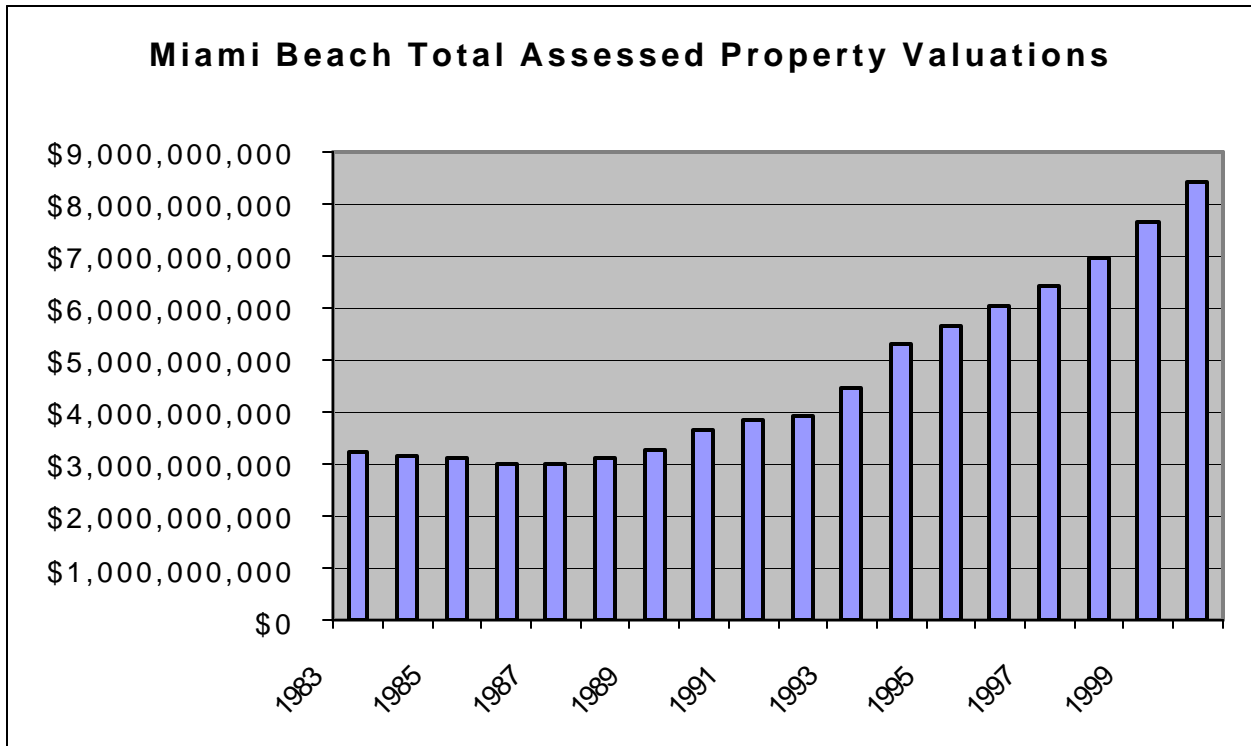
Real Estate and Development

The economic growth in Miami Beach has not been restricted to tourism. Miami Beach real estate is hot and getting hotter with plenty of new business opportunities for potential investors. A key indicator of the increase in opportunities in real estate is demonstrated by analyzing property values and building activity. Construction and building activity have continued to increase throughout the City. As more homes, condominiums and apartments are renovated, property values have increased at an unprecedented pace. Furthermore, the estimated value of building activity has remained steady over the last five years, between \$150 and \$200 million annually with over 3,000 permits being issued. This represents an investment of over \$1 billion in residential building activity in the 1990's. As of July 1, 2001, the taxable property value for Miami Beach was over \$9 billion, more than doubling in the last ten years.

Major projects are also underway with large public involvement. Examples of these can be seen in the two major convention center hotel projects (Loews Miami Beach and Royal Palm Crowne Plaza) and the two-office/parking projects (Lincoln Place and The Lincoln).

In addition to South Beach, investors are now on the move in the City's northern region, "North Beach," which is the primary focus of the City's latest revitalization efforts. Long overlooked, North Beach is experiencing a boom in luxury condominium development with half a dozen projects underway, along with the recent \$25 million renovation of the Radisson Deauville Resort. Quality of life improvements are ongoing, including street improvements, landscaping, upgraded lighting, infrastructure improvements, as well as economic improvements through multi-family building activity and hotel renovation.

Miami Beach's stock is clearly on the rise as investors from around the world buy into this remarkable value and fashionable lifestyle. The world's financial eyes focus on Miami Beach.





Hotel Market

The Boutique Hotel Market

Miami Beach has 186 hotels of which 117 are located in South Beach. The total number of rooms in the area is approximately 20,000 (9,500 in South Beach).

Miami Beach has experienced tremendous growth in visitation since 1992 due to the revitalization of South Beach and the Art Deco District. South Beach has become known as the mecca for glamorous lifestyle and tropical excitement.

Ten years ago, the only upscale lodging facilities were the Fontainebleau Hilton and the Eden Roc Resort & Spa.

The hospitality boom of Miami Beach started in 1991-1992 with the renovations of Art Deco hotels such as the Raleigh on Collins Avenue and smaller hotels on Ocean Drive like the Cavalier and the Casa Grande. These renovations defined the South Beach hotel market as "boutique," contributing to the unique character of the South Beach product.

The 208-room Delano opened its doors in 1995 and began a new hotel revolution. Since then, hotels such as the National, Cardozo, Beacon, Astor, and Albion have become internationally renowned South Beach destinations.

Independent operators like Island Outpost have also expanded with their ownership of multiple hotels in the South Beach area: the Leslie, Kent, Marlin, Casa Grande, and Cavalier. In 1997, this independent hotel chain renovated the 45-room Tides Hotel, the largest historic property on Ocean Drive.

Recent additions to the boutique hotel market on South Beach are the Winterhaven and The Hotel, a renovation of the former Tiffany Hotel by the New York designer Todd Oldham.

In 1999, as certain historic properties were facing name changes due to litigation, the City of Miami Beach succeeded in obtaining an amendment to the 1996 Federal Trademark Act providing protection to the names of properties on the National Register of Historic Places.

A New, Stabilized Real Estate Environment

The success of the South Beach Hotel Market has not only brought increased visibility to the area, but attracted major hotel institutions as well.

Existing Projects

The Loews Miami Beach Hotel opened its doors in December 1998 as the first new hotel built in Miami Beach over the last 30 years. It is an 800-room hotel with 90,000 square feet of function and meeting space.



Crowne Plaza has commenced construction of its Royal Palm Crowne Plaza 424-room resort on Collins Avenue between 15th and 16th Streets. This hotel is expected to open in the Spring of 2001.

Marriott has also entered into the local new hotel market with the construction of a 230-room Marriott Resort on Ocean Drive and 2nd Street that opened in November 2000, and a Courtyard Marriott that will open in late 2002 on Washington Avenue.

The \$125 million Shore Club at 1901 Collins Avenue opened as a 325-room hotel in the Summer of 2001.

Planned Projects

Plans have been approved for a hotel/condo project on 68th Street and Collins in North Beach as an expansion of the 40-year old Carillon Hotel.

Ritz-Carlton is involved in a \$100 million renovation project at the DiLido Hotel on Lincoln Road and Collins Avenue. Plans are to convert the existing 334-rooms into a luxury 385-room business and leisure resort.

The investment by the top American and International hotel chains assures a higher level of traffic yearlong. These hotels have, at their disposal, international reservation networks and are referenced by the major American and International travel agents.





OFFICE MARKET

South Beach

Between 1998 and 2000, the South Beach office market went from being unrecognized in Greater Miami to being one of the most sought after office addresses in all of South Florida. In 2000, Class 'B' buildings in proximity to Lincoln Road generated the same level of rental rates as Class 'A' buildings on Brickell Avenue in Downtown Miami. This demand was driven by the branding of Miami Beach as the Los Angeles entertainment industry capital. Of the 1.17 million square feet of office space in South Beach, approximately 885,000 is located in the Lincoln Road area.

Lincoln Road Office Corridor

Lincoln Road is not only a pedestrian mall with shops, cafes and art galleries, it is also the largest office corridor in Miami Beach. Among the over 75 companies located on Lincoln Road are: MTV Latin America, Columbia Tri-Star, Sony International and Sony Discos, EMI Music Publishing, Nickelodeon Latin America, and the Latin American Academy of Recording Arts & Sciences. Of the 885,000 square feet of office space in the Lincoln Road area, entertainment industry occupancy has grown from 500,000 square feet in 1999 to 600,000 square feet. The energetic and creative environment of Lincoln Road makes it a much more desirable location than Downtown Miami or Brickell for entertainment companies and their employees.

Middle Beach (41st Street)

There is approximately 526,000 square feet of total office space on 41st Street, and it is occupied by about 260 individual office tenants. Although tourism is the primary engine of the Miami Beach economy, health care is also extremely important. The 41st Street office market is primarily comprised of health care and professional services. Of the tenant mix, over 90 are doctors & dentists, 25 attorneys, 21 real estate firms, and close to 20 financial services companies. During the first six months of 2000, more than 25 medical offices opened on 41st Street.

The Miami Beach Entertainment Industry

Adding to the economic boom that was fueled by the Art Deco renaissance, the City has attracted a new industry that has made Miami Beach the "Entertainment Capital of the Americas." With the arrival of the entertainment industry, the City not only increased its international reputation, but also enhanced its economy. The entertainment sector of Miami Beach includes the fashion, film, music, new media, production, and television-cable industries. As of January 2002, Miami Beach's 155

Entertainment Industry companies occupied over 600,000 square feet of office space and employed 1,700 people (excluding talent).

Fashion Industry



The rebirth of the Miami Beach fashion industry can be traced back to the 1980's, when fashion photographer Bruce Weber climbed onto the roof of the Art Deco Breakwater Hotel on Ocean Drive to shoot Calvin Klein's Obsession campaign. Today, Miami Beach is home to a \$50 million modeling industry, boasting the headquarters

of Michelle Pommier, Irene Marie Models and New York based mega-agencies Ford and Elite. The industry takes advantage of the City's innumerable backdrops, including Ocean Drive, the Miami Beach Police Station, Lincoln Road, the Art Deco architecture and of course, the beach itself.

Television Industry

Miami Beach is also home to the television industry. MTV Latin America, The Box, Nickelodeon Latin America, Claxson with over twelve cable channels, and Columbia TriStar, all have offices in South Beach.

Music Industry

The area is home to music industry giants Gloria and Emilio Estefan, Lenny Kravitz, Chris Blackwell and Ricky Martin, as well as South Beach Studios, where artists such as Aerosmith and Enrique Iglesias lay down their tracks. Crescent Moon, EMI Latin, EMI Music Publishing, Estefan Enterprises, Universal Music, Heat Music, Peer Music, Sony Discos and Warner Music International have also established a foothold here. In addition, the City is home to the Florida Office of American Society of Composers Authors and Publishers (ASCAP), the Florida Branch of the National Academy of Recording Arts and Science (NARAS) and the headquarters of the Latin Academy of Recording Arts and Science (LARAS).

In May 2002, the City Commission approved the Miami Beach Business Assistance Program, which will offer an incentive of up to \$3,000 per new job created for qualified companies that are considering leasing office space in Miami Beach. More information is available from the Miami Beach Economic Development Department, (305) 673-7193.

Current or Planned Office Projects



Lincoln Place



The Lincoln



RESIDENTIAL MARKET

Overview

Miami Beach is a mix of many diverse neighborhoods. Unlike the suburban trend, Miami Beach's residential, commercial and hotel areas are often mixed together in various unified neighborhoods.

The residential products that are available continue to follow this theme. The products vary in scope and type from neighborhood to neighborhood. The residential market consists of existing single family homes, condominium units and rental properties. While there are limited opportunities for new single family homes, new construction is concentrated in the condominium and rental properties.

Construction and building activity continues to increase throughout the City. In fact, over \$1.2 billion was invested in new construction and renovation of residential property during the 1990's. This renewed interest in Miami Beach real estate, combined with the rebirth of South Beach as an international playground, led to a doubling of the value of taxable property in the City during the last ten years.

Condominiums

The number of condo sales at the end of 1998 were up 28% over the previous year, however, inventory has increased almost 10% during that time as well. Construction of upscale condominium projects were also higher during the same time, increasing the inventory of condominium units priced \$500,000 and higher by 87%. For the first quarter of 2000, 87% of condominium sales in Miami-Dade County were in Miami Beach.

Art Deco Products

The average price per square foot in the Art Deco District naturally increases the closer the property is located to the water. In the center of the district, re-sales are averaging \$116 per square foot. On the bay side of the island, re-sales average \$124 per square foot, and on the eastern side, closer to the Atlantic Ocean, re-sales average over \$160 per square foot.

The average square foot price for older residential products are very uneven, however. These products range from fully renovated and refurbished historic buildings to 1970's and 80's condo buildings, some with and some without amenities and parking.

Middle Beach

In the Middle Beach area, re-sale prices per square foot range from \$120-\$205 for condominium. Again, there are several factors that contribute to such a wide range, including ocean views, amenities, year constructed, size, and subsequent renovation work. Unlike South Beach, 80% of the



condominium owners in this area are permanent residents. Many properties in this area are in the process of renovation.

North Beach

The North Beach condo market has increased rapidly over the past 18 months, from \$75 per square foot in 2000 to \$105 per square foot in early 2002.

Rental Market

There are two categories in the Miami Beach rental market: seasonal and annual.

The seasonal rental market consists of residents of other areas of the world who spend between one and four months in Miami Beach. This market is generally more affluent than the annual rental market. The annual market is made up of the permanent residents of Miami Beach, and provides the bulk of the housing for people who are also employed in Miami Beach. The majority of the product is located in South Beach, and to a lesser extent in the multi-family neighborhoods of North Beach.

Rental prices are linked to location, condition and age of the building. Annual rental product in Miami Beach has an average vacancy rate of 8%.

Average rental rates by type of product are:

Art Deco Condominium (1b 1b)	650 sq. ft.	\$750/month
1980's Condominium (1b 1b)	950 sq. ft.	\$1,500/month
New Luxury Construction (1b 1b)	1,100 sq. ft.	\$2,350/month

These rates do not take into account amenities such as security, parking, pools, washer/dryer, location, ocean views, etc. One-bedroom apartments in Miami Beach can range in price from \$495 to \$2,400 per month.

Two major rental buildings in South Beach, Forte Towers and Morton Towers, have recently been acquired and are currently undergoing renovation. Forte Towers was purchased by the Charles E. Smith Companies with plans to do a \$25 million renovation, and AIMCO purchased the 1,200 unit Morton Towers with plans to renovate the existing units, build a new tower, and rename the property to The Grand Flamingo. These two properties include almost 3,000 units that have historically rented for approximately \$1.00 per square foot. Because the rental rates of these renovated properties are expected to increase to a level that cannot be afforded by some portions of the tenant mix that are lower and middle income, there remains a question as to whether or not the remaining supply of the city's rental stock will be able to accommodate this market segment, which includes a large portion of the city's service industry workforce.



New Construction

Status of New Construction

Compared to Middle and North Beach, where the condominium units are almost 80% occupied by permanent residents, the South Beach market is primarily a non-resident market with close to 70% unoccupied in the off-season in the newest products. This can be verified by looking at the demographic makeup of the residents of Miami Beach, making it is clear that the majority of the newest upscale units are not occupied by permanent residents of South Beach. There are currently over 3,000 new condominium units currently under development in Miami Beach.

South Pointe

Most of the large, high-rise construction in the City is occurring in South Pointe, south of 5th Street, prompted by the construction of the 44-story, 228-unit Portofino Tower and the 361-unit Yacht Club condominiums. Projects currently under development in this area are the Continuum (800-units in two towers) and the Murano (189 units) and Murano Grande. Additional upscale, projects are also in development in South Pointe are: 200 Ocean Drive (21-units), Ocean Place (52-units), and Cascada (222-units).

Art Deco District

There are only two new completed condominium products, both up-scale in nature, currently located in the South Beach/Art Deco District area: 1500 Ocean Drive (112-units) and Il Villagio (127-units). These two projects are unique in that there are no other real estate opportunities for this type of development in or near the historic district.

Historic buildings in the Flamingo Park neighborhood continue to be renovated and converted into condominiums. These projects represent the bulk of the condominium inventory in South Beach.

Middle and North Beach

New major condominium projects in the Middle and North Beach areas are the Blue and Green Diamonds on Collins Avenue, the White Diamond which is further up at 63rd Street and Collins Avenue, and the Ocean Blue in North Beach.